HUSCOKE RESOURCES HOLDINGS LIMITED
和嘉資源控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 704)

Website: http://www.huscoke.com

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

FINANCIAL SUMMARY

- Revenue from the continuing operations for the year ended 31st December, 2009 amounted to approximately HK$998.38 million (2008: HK$894.50 million), representing an increase of approximately 11.6% as compared with preceding year.

- Net profit for the year ended 31st December, 2009 amounted to approximately HK$107.24 million whereas in last accounting year, the Group recorded a net loss of around HK$1,852.79 million.

- The Board of Directors does not recommend the payment of a final dividend for the year ended 31st December, 2009 (2008: nil).

The board of directors (the "Board") of Huscoke Resources Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st December, 2009 with comparative figures for the corresponding year of 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2009

	Notes	2009 HK$'000	2008 HK$'000
Continuing operations			
Revenue	3	**998,376**	894,501
Cost of sales			
— Amortisation of other intangible asset		**(43,512)**	(27,194)
— Others		**(801,408)**	(777,607)
		(844,920)	(804,801)
Gross profit		**153,456**	89,700
Other income	4	**19,528**	5,340
Selling and distribution costs		**(2,703)**	(825)
Administrative expenses		**(42,069)**	(27,893)
Other gains and losses	5	**10,869**	(13,179)
Finance costs	6	**(15,305)**	(10,104)
Profit before taxation and impairment loss of goodwill		**123,776**	43,039
Impairment loss on goodwill		—	(1,870,383)
Profit (loss) before taxation		**123,776**	(1,827,344)
Taxation	7	**(41,506)**	(15,959)
Profit (loss) for the year from continuing operations		**82,270**	(1,843,303)
Discontinued operations			
Profit (loss) for the year from discontinued operations	8	**24,968**	(9,485)
Profit (loss) for the year	9	**107,238**	(1,852,788)
Other comprehensive income for the year:			
Exchange differences arising on translation of foreign operations		—	323
Total comprehensive income (expense) for the year		**107,238**	(1,852,465)
Profit (loss) for the year attributable to:			
Owners of the Company		**93,736**	(1,858,198)
Minority interests		**13,502**	5,410
		107,238	(1,852,788)

	Note	2009 HK$'000	2008 HK$'000
Total comprehensive income (expense) attributable to:			
Owners of the Company		**93,736**	(1,857,897)
Minority interests		**13,502**	5,432
		107,238	(1,852,465)
Earnings (loss) per share	*10*		
From continuing and discontinued operations			
Basic		**HK1.57 cents**	(HK69.94 cents)
Diluted		**HK1.57 cents**	N/A
From continuing operations			
Basic		**HK1.15 cents**	(HK69.58 cents)
Diluted		**HK1.15 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**497,633**	532,618
Prepaid lease payments		**51,295**	80,115
Investment properties		**37,000**	26,658
Goodwill		**399,262**	399,262
Other intangible asset		**799,486**	842,998
Available-for-sale investments		**2,568**	3,448
Retirement benefit scheme's assets		—	3,825
		1,787,244	1,888,924
Current assets			
Inventories		**59,571**	68,867
Debtors, bills receivable and prepayments	*11*	**588,857**	565,921
Amount due from minority shareholder of a subsidiary		**272,623**	186,887
Prepaid lease payments		**488**	730
Investments held for trading		**3,334**	3,243
Short term bank deposits		—	13,569
Short term pledged bank deposit		—	936
Bank balances and cash		**29,122**	54,451
		953,995	894,604
Current liabilities			
Creditors, bills payable and accrued charges	*12*	**279,305**	248,770
Amount due to minority shareholder of a subsidiary		—	18,955
Amount due to a director		—	12,000
Promissory notes		**15,000**	96,032
Tax payable		**62,799**	56,663
Bank borrowings		**338,650**	397,460
		695,754	829,880
Net current assets		**258,241**	64,724
Total assets less current liabilities		**2,045,485**	1,953,648
Capital and reserves			
Share capital		**336,543**	181,293
Reserves		**1,459,318**	1,520,072
Equity attributable to owners of the Company		**1,795,861**	1,701,365
Minority interests		**72,380**	58,878
Total equity		**1,868,241**	1,760,243
Non-current liabilities			
Deferred taxation		**139,444**	143,887
Bank borrowings		**37,800**	49,518
		177,244	193,405
		2,045,485	1,953,648

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2009

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business is Room 4205, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

In addition, in the current year, the Group has elected to early adopt the amendment to HKFRS 5 as part of Improvements to HKFRSs 2009 (adopted in advance of effective date of 1st January, 2010).

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

Improving disclosures about financial instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value.

Early adoption of amendment to HKFRS 5 as part of Improvements to HKFRSs 2009

The amendment has clarified that HKFRS 5 has specified the disclosure required in respect of disposal groups classified as discontinued operations. Disclosures requirements in other HKFRSs do not generally apply to such disposal groups.

New and revised HKFRSs affecting the reported results and/or financial position

HKAS 23 (Revised 2007) Borrowing costs

In previous years, the Group expensed all borrowing costs when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalize all such borrowing costs as part of the cost of the qualifying asset. The revised accounting policy does not have a material effect on the reported results and financial position of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009, except for amendment to HKFRS 5[2]
HKAS 24 (Revised)	Related party disclosures[6]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[5]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC) — INT 14 (Amendment)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[5]

1 Effective for annual periods beginning on or after 1st July, 2009.

2 Amendments that are effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate.

3 Effective for annual periods beginning on or after 1st January, 2010.

4 Effective for annual periods beginning on or after 1st February, 2010.

5 Effective for annual periods beginning on or after 1st July, 2010.

6 Effective for annual periods beginning on or after 1st January, 2011.

7 Effective for annual periods beginning on or after 1st January, 2013.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1st January, 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Sale of goods		
— coke	**—**	676,286
— refined coal	**939,738**	207,432
Revenue from sales of electricity and heat	**58,047**	9,992
Rental income from investment properties	**591**	791
	998,376	894,501

Business segments

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st January, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard, HKAS 14 "Segment Reporting", required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments.

The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor changed the basis of measurement of segment profit or loss.

For management purposes, the Group is currently organised into three operating divisions — (i) trading of coke; (ii) coal-related ancillary business; and (iii) property investment business.

Trading — coke	—	purchases and sales of coke
Coal-related	—	washing of raw coal into refined coal for sales and sales of electricity and heat (generated as the by-products during washing of raw coal)
Property investment	—	holding of investment properties

On 31st October, 2008, the Group completed the disposal of an operating division which was engaged in manufacturing and sale of other consumer products. On 12th October, 2009, the Group completed the disposal of two operating divisions, which engaged in (i) trading of household products and (ii) manufacturing and sales of household products.

Each of these discontinued operations was reported as a separate segment under HKAS 14. For HKFRS 8 reporting purposes, these discontinued operations did not form any operating segments on the basis of internal reports reviewed by the chief operating decision maker.

Segment information about these businesses is presented below.

Segment revenues and results

For the year ended 31st December, 2009

	Continuing operations			
	Trading — coke *HK$'000*	**Coal-related** *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
REVENUE				
Segment revenue — external sales	**—**	**997,785**	**591**	**998,376**
RESULTS				
Segment results before amortisation of other intangible asset	**(2,733)**	**135,017**	**9,800**	**142,084**
Amortisation of other intangible asset	**(43,512)**	**—**	**—**	**(43,512)**
Segment results	**(46,245)**	**135,017**	**9,800**	**98,572**
Other income				**22**
Corporate administrative expenses				**(10,910)**
Gain on fair value change of investments held for trading				**91**
Gain on disposal of property, plant and equipment and prepaid lease payments				**436**
Imputed interest expenses on promissory notes				**(3,968)**
Deferred tax charge or properties (for corporate)				**(1,973)**
Profit for the year from continuing operations				**82,270**

For the year ended 31st December, 2008

	Continuing operations			
	Trading — coke	Coal-related	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE				
Segment revenue — external sales	676,286	217,424	791	894,501
RESULTS				
Segment results before amortisation of other intangible asset and impairment loss on goodwill	34,161	53,992	(13,424)	74,729
Amortisation of other intangible asset	(27,194)	—	—	(27,194)
Impairment loss on goodwill	(1,074,495)	(795,888)	—	(1,870,383)
Segment results	(1,067,528)	(741,896)	(13,424)	(1,822,848)
Other income				2,499
Corporate administrative expenses				(20,681)
Gain on fair value change of investments held for trading				396
Imputed interest expenses on promissory notes				(2,843)
Deferred tax credit on properties (for corporate)				174
Loss for the year from continuing operations				(1,843,303)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results generated by each segment without allocation of corporate administrative expenses and unallocated items, including gain on fair value change of investments held for trading, certain other income, gain on disposal of property, plant and equipment and prepaid lease payments, imputed interest expenses on promissory notes and deferred taxation on properties for corporate use. This is the measure reported to the directors for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

As at 31st December, 2009

	Continuing operations			
	Trading — coke	**Coal-related**	**Property investment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
SEGMENT ASSETS				
Segment assets	**1,208,915**	**1,363,927**	**37,848**	**2,610,690**
Buildings (for corporate)				**41,781**
Prepaid lease payments (for corporate)				**51,783**
Available-for-sale investments				**2,568**
Other debtors and prepayments (for corporate)				**1,961**
Investments held for trading				**3,334**
Bank balances and cash				**29,122**
Consolidated assets				**2,741,239**
SEGMENT LIABILITIES				
Segment liabilities	**552,713**	**252,779**	**44,800**	**850,292**
Other creditors and accrued charges (for corporate)				**1,778**
Promissory notes				**15,000**
Deferred taxation				**5,928**
Consolidated liabilities				**872,998**

As at 31st December, 2008

	Continuing operations			
	Trading — coke	Coal-related	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Segment assets	1,320,428	1,132,054	26,742	2,479,224
Assets related to discontinued operations				131,334
Buildings (for corporate)				32,543
Prepaid lease payments (for corporate)				73,077
Available-for-sale investments				3,448
Other debtors and prepayments (for corporate)				54
Investments held for trading				3,243
Short term bank deposits				13,569
Bank balances and cash				47,036
Consolidated assets				2,783,528
LIABILITIES				
Segment liabilities	658,990	155,705	48,808	863,503
Liabilities related to discontinued operations				43,726
Other creditors and accrued charges (for corporate)				4,069
Amount due to a director				12,000
Promissory notes				96,032
Deferred taxation				3,955
Consolidated liabilities				1,023,285

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments, other than assets related to discontinued operations, assets of investment nature including available-for-sale investments and investments held for trading and cash and cash equivalents of the Group, and corporate assets of the Group.

- All liabilities are allocated to operating segments, other than liabilities related to discontinued operations, borrowings not directly related to operation of segments such as amount due to a director and promissory notes, and corporate liabilities of the Group.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31st December, 2009

	Continuing operations			
	Trading — coke	**Coal-related**	**Property investment**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Additions of property, plant and equipment	**—**	**24,488**	**—**	**24,488**
Amortisation of other intangible asset	**43,512**	**—**	**—**	**43,512**
Depreciation of property, plant and equipment	**—**	**39,336**	**—**	**39,336**
Gain on fair value change of investment properties	**—**	**—**	**10,342**	**10,342**
Interest expense on bank borrowings	**10,742**	**—**	**595**	**11,337**
Income tax (credit) expenses	**(7,179)**	**45,006**	**1,706**	**39,533**

For the year ended 31st December, 2008

	Continuing operations			
	Trading — coke	Coal-related	Property investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Additions of property, plant and equipment	129	1,583	—	1,712
Amortisation of other intangible asset	27,194	—	—	27,194
Depreciation of property, plant and equipment	248	7,354	—	7,602
Loss on fair value change of investment properties	—	—	13,575	13,575
Interest expense on bank borrowings	6,879	—	382	7,261
Income tax expenses (credit)	614	17,844	(2,325)	16,133

Geographical information

The Group's operations are located in Hong Kong and the People's Republic of China ("PRC").

The Group's revenue from continuing operations from external customers by geographical location of customers irrespective of the origin of the goods, and information about its non-current assets from continuing operations by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	Year ended 31.12.2009	Year ended 31.12.2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**591**	791	**926,155**	1,007,307
PRC	**997,785**	217,424	**858,521**	874,344
America	**—**	676,286	**—**	—
	998,376	894,501	**1,784,676**	1,881,651

Note: Non-current assets excluded those relating to discontinued operations, financial instruments and retirement benefit scheme assets.

4. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Interest income on bank deposits	**6**	1,086
Subsidies from PRC government authorities	**8,230**	2,841
Reimbursement from minority shareholder of a subsidiary	**10,535**	—
Sundry income	**757**	1,413
	19,528	5,340

5. OTHER GAINS AND LOSSES

	2009	2008
	HK$'000	*HK$'000*
Gain on fair value change of investments held for trading	**91**	396
Gain on disposal of property, plant and equipment and prepaid lease payments	**436**	—
Gain (loss) on fair value change of investment properties	**10,342**	(13,575)
	10,869	(13,179)

6. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings		
— wholly repayable within five years	**10,742**	6,340
— not wholly repayable within five years	**595**	921
Imputed interest expenses on promissory notes	**3,968**	2,843
	15,305	10,104

7. TAXATION

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Current taxation		
Hong Kong Profits Tax	**—**	6,491
PRC Enterprise Income Tax	**45,006**	17,273
	45,006	23,764
Overprovision of Hong Kong Profits Tax in prior years	**—**	(819)
	45,006	22,945
Deferred taxation		
Current year	**(3,500)**	(6,920)
Attributable to a change in tax rate	**—**	(66)
	(3,500)	(6,986)
	41,506	15,959

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards. Therefore, the PRC Enterprise Income Tax is calculated at a tax rate of 25% in both years, which is the prevailing tax rate in the PRC.

8. DISCONTINUED OPERATIONS

	2009	2008
	HK$'000	*HK$'000*
Profit (loss) for the year from discontinued operations		
— Frankie Group (as defined in (i) below)	**24,968**	6,394
— Bigfield Group (as defined in (ii) below)	**—**	(15,879)
	24,968	(9,485)

(i) On 19th August, 2009, the Group entered into a sale agreement to dispose of Frankie Dominion (Holdings) Limited and its subsidiaries (collectively known as "Frankie Group") which carried out all of the Group's operations related to (i) trading of household products and (ii) manufacturing and sales of household products. The disposal was effected in order to redeploy their resources to other businesses of the Group. The disposal resulted in a gain on disposal of approximately HK$19,056,000 and was completed on 12th October, 2009, on which date control of Frankie Group was passed to the acquirer.

The profit for the year from Frankie Group is analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
Profit of Frankie Group for the year	**5,912**	6,394
Gain on disposal of Frankie Group	**19,056**	—
	24,968	6,394

The results of Frankie Group for the period from 1st January, 2009 to 12th October, 2009, which have been included in the consolidated statement of comprehensive income, were as follows:

	2009	2008
	HK$'000	*HK$'000*
Revenue	**268,425**	340,587
Cost of sales	**(242,210)**	(297,280)
Other income	**559**	1,813
Selling and distribution costs	**(2,788)**	(6,678)
Administrative expenses	**(17,220)**	(28,694)
Finance costs	**(854)**	(3,174)
Profit before taxation	**5,912**	6,574
Taxation	**—**	(180)
Profit for the period/year	**5,912**	6,394
Profit for the period/year from Frankie Group include the following:		
Allowance for bad and doubtful debts	**—**	2,600
Auditor's remuneration	**200**	331
Cost of inventories recognised as an expense	**242,210**	297,280
Depreciation of property, plant and equipment	**765**	2,392
Release of prepaid lease payments	**106**	142
(Gain) loss on disposal of property, plant and equipment	**(1)**	55
Net foreign exchange loss	**599**	1,034
Operating lease payments in respect of rented properties	**598**	797
Staff costs:		
Directors' remuneration	**—**	2,848
Other staff salaries and allowances and benefits	**10,257**	13,654
Other staff retirement benefits scheme contributions	**329**	400
	10,586	16,902
Loss on fair value change of retirement benefit scheme's assets	**—**	252
Interest expense on bank borrowings wholly repayable within five years	**854**	3,174
Interest income on bank deposits	**4**	1,160

(ii) On 25th August, 2008, the Group entered into a sale agreement to dispose of Big Field (B.V.I.) Limited and its subsidiary (collectively known as "Bigfield Group") which carried out all of the Group's operations related to manufacturing and sale of other consumer products. The disposal was effected in order to redeploy its resources in a more productive manner with the Group. The disposal resulted in a gain on disposal of approximately HK$8,375,000 and was completed on 31st October, 2008, on which date control of Bigfield Group was passed to the acquirer.

The loss for the year from Bigfield Group was analysed as follows:

	2008
	HK$'000
Loss of Bigfield Group for the year	(24,254)
Gain on disposal of Bigfield Group	8,375
	(15,879)

The results of Bigfield Group for the period from 1st January, 2008 to 31st October, 2008, which had been included in the consolidated statement of comprehensive income, were as follows:

	2008
	HK$'000
Revenue	135,990
Cost of sales	(154,850)
Other income	139
Administrative expenses	(6,618)
Finance costs	(66)
Loss before taxation	(25,405)
Taxation	1,151
Loss for the period	(24,254)

	2008
	HK$'000
Loss for the period from Bigfield Group operation include the following:	
Auditor's remuneration	278
Cost of inventories recognised as an expense	154,850
Depreciation of property, plant and equipment	7,454
Release of prepaid lease payments	3
Loss on disposal of property, plant and equipment	192
Net foreign exchange gain	(89)
Operating lease payments in respect of rented properties	7,934
Staff costs:	
Directors' remuneration	—
Other staff salaries and allowances and benefits	36,980
Other staff retirement benefits scheme contributions	151
	37,131
Interest expense on bank borrowings wholly repayable within five years	66
Interest income on bank deposits	11

9. PROFIT (LOSS) FOR THE YEAR

	Continuing operations	
	2009	2008
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,280**	1,065
Cost of inventories recognised as an expense	**801,408**	777,607
Depreciation of property, plant and equipment	**41,465**	7,730
Release of prepaid lease payments	**719**	397
Loss on early redemption of promissory notes	**—**	2,713
Gross rental income from investment properties	**(591)**	(791)
Less: direct operating expenses from investment properties that generated rental income during the year	**112**	258
Rental income net of outgoings	**(479)**	(533)
Net foreign exchange loss (gain)	**38**	(616)
Operating lease payments in respect of rented properties	**545**	94
Staff costs:		
Directors' remuneration	**5,240**	6,587
Other staff salaries and allowances and benefits	**22,497**	4,410
Other staff retirement benefits scheme contributions	**2,011**	110
	29,748	11,107

10. EARNINGS (LOSS) PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted earnings (2008: basic loss) per share from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Profit for the purpose of basic and diluted earnings (2008: loss for the purpose of basic loss) per share	**93,736**	(1,858,198)

	Number of shares	
	2009	2008
	'000	*'000*
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings (2008: for the purpose of basic loss) per share	**5,977,926**	2,656,888

From continuing operations

The calculation of the basic and diluted earnings (2008: basic loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to owners of the Company	**93,736**	(1,858,198)
Less: (Profit) loss for the year from discontinued operations	**(24,968)**	9,485
Profit for the purpose of basic and diluted earnings (2008: loss for the purpose of basic loss) per share from continuing operations	**68,768**	(1,848,713)

The denominators used are the same as those detailed above for basic and diluted earnings (2008: basic loss) per share from continuing and discontinued operations.

From discontinued operations

The calculation of the basic and diluted earnings (2008: basic loss) per share from discontinued operations attributable to the owners of the Company is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Profit (loss) for the year from discontinued operations	**24,968**	(9,485)
Basic earnings (loss) per share from discontinued operations	**HK0.42 cent**	(HK0.36 cent)
Diluted earnings per share from discontinued operations	**HK0.42 cent**	—

The denominators used are the same as those detailed above for basic and diluted earnings (2008: basic loss) per share from continuing and discontinued operations.

The convertible bonds shall be converted automatically into new shares of the Company at date of maturity. Shares that are issuable solely after the passage of time are not contingently issuable shares and are included in the calculation of basic and diluted earnings (2008: basic loss) per share.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for 2009. Diluted loss per share for the year ended 31st December, 2008 was not shown as there were no potential ordinary shares subsisted during the year presented.

11. DEBTORS, BILLS RECEIVABLE AND PREPAYMENTS

	2009	2008
	HK$'000	*HK$'000*
Trade debtors and bills receivable	**26,170**	76,015
Less: Allowances for bad and doubtful debts	**—**	(2,600)
	26,170	73,415
Other debtors and prepayments	**12,519**	3,108
Advance payments to minority shareholder of a subsidiary for purchases	**387,297**	465,000
Advance payments to suppliers	**162,871**	24,377
Amounts due from related companies	**—**	21
	588,857	565,921

The following is an aged analysis of trade debtors and bills receivable net of allowance for doubtful debts at the reporting date:

	2009	2008
	HK$'000	*HK$'000*
0-60 days	**10,034**	51,740
61-90 days	**8,523**	4,857
> 90 days	**7,613**	16,818
	26,170	73,415

12. CREDITORS, BILLS PAYABLE AND ACCRUED CHARGES

	2009	2008
	HK$'000	*HK$'000*
Trade creditors	**123,579**	114,417
Bills payable	**—**	1,141
Other creditors and accrued charges	**33,149**	24,093
Advance received from a customer	**69,804**	77,500
Other taxes payable in PRC	**52,773**	31,138
Amount due to a related company	**—**	481
	279,305	248,770

The following is an aged analysis of trade creditors and bills payable at the reporting date:

	2009	2008
	HK$'000	*HK$'000*
0-60 days	**87,519**	75,622
61-90 days	**27,174**	5,222
> 90 days	**8,886**	34,714
	123,579	115,558

BUSINESS REVIEW

In 2008, the Group started to engage in coal relating businesses through two very substantial acquisitions. In 2009, facing the challenges from the outbreak of the economic tsunami, the Group still succeeded in turnaround its loss making position to record a net profit. The Group's turnover for continuing operations for the year ended 31st December, 2009 has been increased by 11.6% from HK$894.50 million to HK$998.38 million. Gross Profit margin has been improved from last year's 10.0% to current year's 15.4%.

The coal related ancillary business is the main source of revenue for the Group in 2009. It mainly related to the coal washing business and the use of by-products in the coal washing process to generate heat and electricity and supply to the region. For the year ended 31st December, 2009, this segment contributed around HK$997.79 million revenue to the Group. Net profits after tax contributed by this segment was around HK$135.02 million and gross profit margin for this segment was around 19.7%. In 2009, with the Government stimulation policy, especially in the increase in the spending in infrastructure, the PRC coke market gradually recovered and the Group can sell its refined coal to nearby coke producers.

For coke trading business, 2009 is a disaster year. With the reduction in the production scale of overseas' steel mills since the economic tsunami and the increase in the export tax from 25% to 40% in late 2008, the PRC coke export market was closed in 2009. No revenue has been contributed by this segment.

In 2009, in order to streamline the Group's resources to coal related businesses, the Group has disposed its interests in the trading and manufacturing of the household products. Such disposal was completed on 12th October, 2009. This discontinued operations has contributed around HK$24.97 million profit to the Group in the year 2009.

OVERALL GROSS PROFITS

Although there was an amortization of other intangible assets amounting HK$43.51 million and the closure of the coke trading business stated above, the Group's gross profits has been improved from 2008's HK$89.70 million to 2009's HK$153.46 million. Gross profit margin was improved from 10.0% to 15.4%. The main reason for such improvement is due to the higher margin generated in the coal related business. As discussed above, the gross profit margin for the coal related ancillary business was around 19.7% for the year ended 31st December, 2009.

FINANCE COSTS

Interest expenses increased greatly from 2008's HK$10.10 million to current year's HK$15.31 million.

CHARGES OVER ASSETS

At 31st December, 2009, the Group pledged certain buildings, prepaid lease payments and investment properties which have an aggregate carrying value of approximately HK28.81 million (2008: HK$32.54 million), HK$49.76 million (2008: HK$73.08 million) and HK$37.00 million (2008: HK$26.66 million) respectively and the benefits of the leases and tenancies of the investment properties to secure general banking facilities granted to the Group.

At 31st December, 2008, the Group also pledged bank deposit of approximately HK$0.94 million to secure general banking facilities granted to a subsidiary. There was no pledged deposit at 31st December, 2009.

LIQUIDITY AND FINANCIAL RESOURCES

Net current assets and current ratio were approximately HK$258.24 million and 1.37:1 as at 31st December, 2009. At 31st December, 2008 the amount was HK$64.72 million and 1.08:1.

The Group's bank balances and cash equivalents amounted to approximately HK$29.12 million (31st December, 2008: approximately HK$68.02 million). Bank borrowings amounted to approximately HK$376.45 million. Around HK$333.25 million of the bank borrowings was the structured trade finance for the coke export business and around HK$43.2 million bank borrowings was the mortgaged loan for various properties located in Hong Kong.

EMPLOYEES AND REMUNERATION

As at 31st December, 2009, the Group had approximately 1,124 employees (31st December, 2008: approximately 930 employees). Less than 100 staffs are stationed in Hong Kong and the rest are PRC workers. The Group's staff cost for continuing operations amounted to approximately HK$29.75 million for the year ended 31st December, 2009 and approximately HK$11.11 million was recorded in last corresponding period.

Employees are remunerated according to the nature of the job and market trends, with a built-in merit component incorporated in the annual increment and a year-end performance bonus to reward motivate individual performance. Up to the date of this announcement, there are 17,500,000 share options granted under the share option scheme.

PROSPECTS

For coke trading business, management believes that the PRC export market starts to re-open in around April and May of 2010. The downturn in 2009 were mainly due to the reduction in the production capacity of overseas' steel mills and their consumption of the original inventories. With the recovery of the economy, the production capacities gradually recover and the inventory level reduces, demand for PRC export coke increases. Currently, negotiation for the export in 2010 restarted. The export quota handled by the Group in the first half of 2010 has been increased to around 310,000 tones, represented around 5% of the total export quota granted by the PRC government. With this scarced export quota, management are confident that contributions from this segment will resume in 2010.

The continued contributions from the coal related businesses, especially in the economic recession period, have proven the correct direction of the Group. In 22nd February, 2010, The Group's shareholders have approved the acquisition of a 800,000 tones capacity coke processing assets. At the date of this announcement, The Group's joint venture has get the approval for the inclusion of the coke processing business from the Shanxi Development and Reform Commission and the Shanxi Commerce Department. It is currently applying for the new business license from the Shanxi. After obtaining the new business license and completing the new capital injection, the Joint Venture of the Company will try to complete the acquisition.

According to the Group's circular dated 29th January, 2010, the unaudited profit generated by these 800,000 tones coke processing plant for the nine months ended 30th September, 2009 was around RMB182.75 million. Thus, it is expected that these coke processing assets can contribute to the Group and further improve the Group's profitability after acquired.

After such completion, the Group will become the manufacturer and trader of refined coal, coke and coal chemicals. It can produce refined coals through the coal washing process and used the refined coals for coke processing and coal chemicals product. It can select to sell the manufactured coke in either the domestic PRC market or through the export market. After the new acquisition, the Group can use the by-products in coal washing process to generate electricity and heat and the by-products in coke processing to general coal chemicals like coal gas, coal tar, ammonium sulfate and crude benzyl. All these by-products can generate additional revenue to the Group. It is expected that the margin from the manufacturing process will be further improved.

The completion of the refined coal and coke processing line is just the first successful step for the Group to engage in the coal related business. After completing the acquisition, the Group may consider to further expand its coal related businesses in two main areas. Firstly, it may consider locking up the coal resources by signing some long term supply agreements with nearby coal mines. It may even consider to acquire some shares of coal mines in order to get its raw materials at special prices. The second area of expansion is that the Group may consider further expanding its production capacity in coke processing and using the by-products in the expanded capacity to generate other coal chemicals like Methanol.

The economic tsunami strengthen the management's beliefs in focusing on the coal related businesses which can contribute higher return to the Group. With the expected increase in steel production in countries like USA, Russia and Europe, demands for PRC's coke will surely be increased in the coming years. It supports the Group's repositioning to become a refined coal and coke producer and trader and one of the largest exporters of coke in the PRC. With all these successful moves, management are optimistic in the prospects of the Group.

AUDIT COMMITTEE

The Audit Committee is composed of three independent non-executive directors. It has reviewed with management the accounting policies and practice adopted by the Group and discussed auditing, internal control and financial reporting matters. It has reviewed this audited annual results for the year ended 31st December, 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the year ended 31st December, 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transaction by the directors of the Company (the "Code"). Having made specific enquiry of the directors of the Company, all directors confirmed that they had complied with the required standard as set out in the Code during the year ended 31st December, 2009.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 2009 annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkex.com.hk) and the Company (http://www.huscoke.com).

The 2009 Annual Report of the Company will be dispatched to the shareholders of the Company as well as published on the aforesaid websites in due course.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the Directors confirm that the Company has maintained during the year the amount of public float as required under the Listing Rules.

BOARD OF DIRECTORS

As at the date of this announcement, the Executive Directors of the Company are Mr. Wu Jixian, Mr. Li Baoqi, Mr. Chim Kim Lun, Ricky and Mr. Cheung Ka Fai, and the Independent Non-Executive Directors of the Company are Mr. Lam Hoy Lee, Laurie, Mr. Wan Hon Keung and Mr. To Wing Tim, Paddy.

By Order of the Board
Li Baoqi
Acting Chairman

Hong Kong, 9th April, 2010